

# EXHIBIT C

1 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA

2 IN AND FOR THE COUNTY OF SAN FRANCISCO

3 HONORABLE RICHARD A. KRAMER, JUDGE

4 DEPARTMENT NO. 304

5 ---oo---

6 COMPETITION COLLISION CENTER, )  
7 LLC, on behalf of itself and )  
all others similarly situated, )  
8 Plaintiff, ) Case No. 431278  
9 v. )  
10 CROMPTON CORPORATION; ROHM and )  
11 HAAS COMPANY; ATOFINA CHEMICALS, )  
12 INC. F/K/A ELF ATOCHEM )  
NORTH AMERICA, INC.; FERRO )  
13 CORPORATION; MITSUBISHI RAYON )  
AMERICA, INC.; KREHA CORPORATION )  
OF AMERICA; AKCROS CHEMICALS )  
14 AMERICA; ARZO NOBEL, INC.; )  
BAERLOCHER USA, L.L.C. and )  
DOES 1 through 100 inclusive, )  
15 Defendants. )  
16

COPY

17 REPORTER'S TRANSCRIPT

18 OF PROCEEDINGS ON

19 WEDNESDAY, APRIL 27, 2005

20 ---oo---

21 PLEASE NOTE GOVERNMENT CODE SECTION 69954 (d) :

22 "ANY COURT, PARTY, OR PERSON WHO HAS PURCHASED A  
23 TRANSCRIPT MAY, WITHOUT PAYING A FURTHER FEE TO THE  
24 REPORTER, REPRODUCE A COPY OR PORTION THEREOF AS AN  
25 EXHIBIT PURSUANT TO COURT ORDER OR RULE, OR FOR INTERNAL  
26 USE, BUT SHALL NOT OTHERWISE PROVIDE OR SELL A COPY OR  
27 COPIES TO ANY OTHER PARTY OR PERSON."

28 Reporter: Irene Burns, CSR #1815

1 PAGE 1 OF APPEARANCES:

2 For Plaintiff Competition Collision Center, LLC:

3 SAVERI & SAVERI, INC.

4 By: R. ALEXANDER SAVERI  
GEOFFREY C. RUSHING  
Attorneys at Law

5 One Embarcadero Center, Suite 1020  
San Francisco, Ca 94111

6 -and-

7 THE PURTH FIRM, LLP

8 By: CHRISTOPHER L. LEBSOCK, Attorney at Law  
225 Bush Street, 15th Floor  
San Francisco, Ca 94104

9 For Defendant Crompton Corporation:

10 O'MELVENY & MYERS, LLP

11 By: IAN SIMMONS, Attorney at Law  
1625 Eye Street, N.W.  
Washington, D.C. 20006

12 -and-

13 O'MELVENY & MYERS, LLP

14 By: JESSICA A. HOOGS, Attorney at Law  
275 Battery Street, Suite 2600  
San Francisco, CA 94111

16 For Defendant Akros Chemicals America & Akzo Nobel, Inc.:

17 SHOOK, HARDY & BACON, LLP

18 By: PATRICK J. GREGORY, Attorney at Law  
333 Bush Street, Suite 600  
San Francisco, CA 94104

20 For Defendant Kreha Corporation of America:

21 COLLETTE ERICKSON FARMER & O'NEILL, LLP

22 By: ROBERT S. LAWRENCE, Attorney at Law  
235 Pine Street, Suite 1300  
San Francisco, CA 94104

24 For Defendant Baerlocher USA, LLC.:

25 SNYDER MILLER & ORTON

26 By: LUTHER ORTON, Attorney at Law  
111 Sutter Street, Suite 1950  
San Francisco, CA 94104

28 APPEARANCES CONTINUED ON NEXT PAGE

1 APPERANCES CONTINUED:

2 For Defendant Ferro Corporation:

3 SQUIRE, SANDERS & DEMPSEY, LLP:  
4 By: NATHAN LANE III, Attorney at Law  
One Maritime Plaza, Suite 300  
5 San Francisco, CA 94111

6 For Defendant Mitsubishi Rayon America, Inc.:

7 PILLSBURY, WINTHROP, SHAW & PITTMAN, LLP  
8 By: ROXANE A. POLIDORA, Attorney at Law  
50 Fremont Street  
9 San Francisco, CA 94105

10 For Defendant Atofina Chemicals, Inc.:

11 COBLENTZ, PATCH, DUFFY & BASS, LLP  
12 By: FREDERICK S. FIELDS, Attorney at Law  
One Ferry Building, Suite 200  
13 San Francisco, CA 94111

14 For Defendant Rohm & Haas Company:

15 MONTGOMERY, McCRACKEN, WALKER & BROADS, LLP:  
16 By: PETER BRESLAUER, Attorney at Law  
123 South Broad Street  
Avenue of the Arts  
17 Philadelphia, PA 19109  
-and-

18 SHEPPARD, MULLING, RICHTER & HAMPTON, LLP  
19 By: GARY L. HALLING, Attorney at Law  
4 Embarcadero Center, 17th Floor  
20 San Francisco, Ca 94111

21 -----  
22  
23  
24  
25  
26  
27  
28

WEDNESDAY, APRIL 27, 2005

—oo—

THE CLERK: Competition Collision Center vs. Crompton Corporation, et al. Case Number 431278.

THE COURT: Welcome back. We have your appearances. As always, before you speak speak your name, who you represent and speak far more slowly than normal people do.

All right. Let's deal with the demurrers filed by Crompton Corporation and the starting point is there's a request for judicial notice in the reply. Is there an objection?

MR. RUSHING: Yes, your Honor. Well, I guess we don't object to the Complaint, the fact of its filing. We do object to the conclusions drawn from the name of the plaintiff.

THE COURT: All right. As I read the request for judicial notice the request is that I take judicial notice of something that was filed in a California court, perfectly appropriate, but you are not asking me to take judicial notice of the fact that auto repair places don't manufacture plastic products, that is simply a logical conclusion that you wanted me to reach, not something as a matter of judicial notice, is that right?

MR. SIMMONS: That's correct, your Honor.

THE COURT: You got to state who you are.

MR. SIMMONS: Ian Simmons, your Honor, for Crompton Corporation.

THE COURT: All right. The request for judicial notice with that understanding is granted. Tentative ruling is to

1 overrule all the demurrers. I think that starting with that  
2 last point that I understand as a matter of common knowledge  
3 any auto repair business does not involve the manufacturing of  
4 plastic products or the distribution of chemicals. It's not a  
5 matter of my common knowledge of that, nor has there been any  
6 showing by the defendant that such is a matter of common  
7 knowledge not subject to reasonable debate. I don't want to go  
8 off on a frolic and detour here about what car repair places  
9 do, but I would say it is common knowledge that there are  
10 plastic parts on cars, where the repair places get them is I  
11 don't believe the proper subject of judicial notice. Nor can I  
12 say that that would be the only instance in which the products  
13 in question here would be purchased indirectly by the various  
14 plaintiffs here.

15 So that logical string doesn't follow and I think that  
16 the Complaint itself does sufficiently allege an indirect  
17 purchase of plastic additives, that would be paragraph six.  
18 It's actually stated in a way that I don't believe I ought to  
19 interpret it. It says plaintiff indirectly purchased plastic  
20 additives from one or more of the defendants, period. I don't  
21 know what there is to interpret about that. Whether it  
22 happened in the real world is not my concern for today, this is  
23 a demurrer.

24 Equally pertinent here are paragraphs 32, 34, and 36,  
25 which I think sufficiently plead a violation of the Cartwright  
26 Act if these facts are established. And the idea that from all  
27 of this I'm supposed to inexorably conclude that an indirect  
28 purchaser couldn't possibly have bought anything that directly

1 contains the defendants' product, and I said that on purpose,  
2 directly contains through an indirect purchase and then it  
3 would be so attenuated that you couldn't possibly have standing  
4 here. I can't say that from this Complaint at all. I have to  
5 say the opposite. I have to interpret it in a way most  
6 conducive to finding the existence of a cause of action.

7 The other arguments, the Korea Supply thing and the  
8 statute of limitations, even if established are not the subject  
9 of a general demurrer. They may or may not be issues later on  
10 in this case, but they are not the subject of a general  
11 demurrer. General demurrer, if a cause of action, any part of  
12 it states a cause of action then that's sufficient, even if  
13 there are defects within that cause of action. I'm not saying  
14 that there are or are not, but a general demurrer is not  
15 appropriate for the attack based on those claims. That should  
16 give you something to argue about. You want to argue?

17 MR. SIMMONS: I do, your Honor.

18 THE COURT: Okie dokie.

19 MR. SIMMONS: Thank you, your Honor. Ian Simmons for  
20 Crompton Corporation. We would urge the Court to reverse  
21 itself on the tentative. We think this Complaint, taking this  
22 Complaint on its four corners proves what we are urging upon  
23 the Court, which is this plaintiff did not purchase even  
24 indirectly a product manufactured by Crompton or much less any  
25 of these other defendants. You read paragraph six, your  
26 Honor --

27 THE COURT: Right. What I need you to do and what your  
28 brief did not do is you point me to other paragraphs by number,

1 I have the Complaint up here, that would help immensely. Go  
2 ahead.

3 MR. SIMMONS: Our brief does that, and I'm going to do  
4 it again, your Honor, but I first want to give the Court a  
5 metaphor. I'm respectfully suggesting to the Court that what  
6 these plaintiffs are saying are that they are suing  
7 manufacturers of producers of electricity, okay? And what they  
8 bought were shoes and they're contending that the electricity  
9 used to run the machines to make the shoes that they bought  
10 that they therefore bought electricity. That is what this  
11 Complaint shows. That is what is demonstrated by the Complaint  
12 that the Court just took judicial notice of --

13 THE COURT: See the picture?

14 MR. SIMMONS: Well yes, I see it over there. Well, it's  
15 covered up by my notes --

16 Your Honor, I respectfully -- I'm going to walk you  
17 through the paragraphs of the Complaint. These plaintiffs did  
18 not buy plastic additives manufactured by Crompton or any of  
19 the other companies sitting before you that were then channeled  
20 down the stream of distribution and ended up in their pockets.  
21 All right?

22 It's not even apparent from this Complaint that the  
23 products manufactured by Crompton were in fact even a component  
24 of products that they purchased. My electricity example is a  
25 good one. Electricity once it's used evaporates --

26 THE COURT: I got it.

27 MR. SIMMONS: I'm going to take you to the Complaint  
28 now, your Honor.

1           THE COURT: That's exactly where I want to go.

2           MR. SIMMONS: Right. And I would also suggest to the  
3 Court the cases that we cite and your very language in the  
4 Credit Card case where you state that Associated General  
5 Contractors, just quote back to the Court, sets forth, I'll  
6 find the language for you, your Honor. The standards of  
7 Associated General Contractors, while perhaps flexible, while  
8 perhaps guidelines still exist, and clearly establish minimum  
9 requirements for standing to file a lawsuit of this kind. What  
10 is it in the Complaint that proves what I'm saying? That the  
11 Court is not obliged to accept as true a mere conclusion. I  
12 bought electricity when the rest of the Complaint shows --

13           THE COURT: Get off the electricity thing, will you?  
14 Because I got it. Just --

15           MR. SIMMONS: Let's --

16           THE COURT: Don't talk while I'm talking because the  
17 court reporter won't get anything.

18           The next sentence you utter should have the following  
19 words in it: paragraph number, okay?

20           MR. SIMMONS: Paragraph 27, your Honor. If you look at  
21 that it states:

22           "Plastics are made from resins and additives.

23           Plastic additives are added to plastic resins in  
24 order to enhance the quality of those resins.

25           Commercial resins require the use of plastic  
26 additives to adjust performance characteristics  
27 to desired specifications and applications.

28           Plastic additives are heat stabilizers, impact

1                   modifiers to processing aids."

2                   I'll go on then to 28 29, and 30.

3                   THE COURT: What you have to do is speak loudly into the  
4                   microphone and much more slowly, especially when you're  
5                   reading.

6                   MR. SIMMONS: Thank you, your Honor, I will.

7                   So I'm respectfully suggesting to the Court that read  
8                   fairly, taking this Complaint, the plain language in front of  
9                   the Court, 27 is telling the Court that plastic additives are,  
10                  I won't use my metaphor again, I'm respectfully suggesting to  
11                  the Court 27 is proving my metaphor, that it is used, it's not  
12                  even, it's not even necessarily accurate to say it's an input.  
13                  So 27, I'm suggesting to the Court, proves the point that they  
14                  did not buy plastic additives even indirectly from these  
15                  defendants, rather additives are used to process something that  
16                  they may have purchased, hence my metaphor.

17                  "28: "Heat stabilizers are used to protect  
18                  resins."

19                  So heat stabilizers are used to protect something that  
20                  they may have purchased. That's what it says. I didn't write  
21                  that, they did.

22                  From thermal degradation and to enhance the  
23                  flexibility and stability of the end product."

24                  The end product. When Mr. Saveri gets up here perhaps  
25                  the Court, perhaps it could be put to him what in fact did his  
26                  client buy that's in issue here, but that's what the Complaint  
27                  says.

28                  "Heat stabilizers are used to protect resins from

1           thermal degradation and enhance the flexibility  
2           and stability of the end product. Although heat  
3           stabilizers are used in a number of plastics,  
4           polyvinyl chloride (PVC) accounts for the great  
5           majority of the use."

6           So heat stabilizer, which they define as plastic  
7           additives, is used in something else. And what I'm suggesting  
8           to the Court, read fairly this Complaint in conjunction with  
9           the Complaint that we cite in Footnote 1 of our reply brief, in  
10          which the Court just took judicial notice of, hence my  
11          metaphor, they didn't buy electricity they bought shoes.

12          "29: Impact modifiers are used to improve the  
13           resistance of the finishes plastics -- of the  
14           finishes plastic products to stress."

15          That's the way it's written, strikes me as a little  
16          awkward.

17          "Impact modifiers improve the strength of the  
18           product --

19          And there's a typographical error, "impact  
20           modifiers," it says "laso" but they mean "also,"  
21           it says l-a-s-o --

22          "increase resistance to weathering and stress  
23           rupture, and increase chemical resistance and  
24           tensile strength of plastic compounds."

25          So, again, read on its face 29 is telling you that one  
26          of the sub-components of the product in issue here, impact  
27          modifier, which they define to mean plastic additives, is used  
28          to make something else. That's what 29 says. I'm not saying

1 it, the Complaint says it.

2 "30: Processing aids are used to reduce or  
3 increase melt viscosity, increase frictional heat  
4 and reduce uneven die flow."

5 Again, that's what 30 days.

6 I think the pleading standards, your Honor, as I  
7 understand them in California law come very close to the  
8 standards under US District Courts and which the Supreme Court  
9 talk about in Associated General Contractors, which you cited  
10 in your Credit Card case, you're obliged to accept as true  
11 facts pleaded in the Complaint, you're not expected to accept  
12 as true conclusions.

13 I think even if you were to take mere conclusions as  
14 true, again the Complaint in the light most favorable to the  
15 non-moving side, these paragraphs demonstrate my metaphor, they  
16 demonstrate what I'm talking about. This is not an indirect  
17 purchaser case. Indirect purchaser case, your Honor, is where  
18 the alleged conspiring entities make a widget, it's sold  
19 through a stream of distribution and some indirect level, some  
20 indirect level of potential class members purchase that widget.  
21 That is not that situation. The Complaint tells you that.  
22 Moreover, your Honor, I think you can also read those  
23 paragraphs of the Complaint and reach the conclusion it's not  
24 even a situation where the product that they bought contain  
25 these alleged products as an input, these are products that are  
26 used to make a product that they may have purchased, but the  
27 products that we manufactured may well have evaporated, hence  
28 my metaphor of electricity. If what they bought was shoes and

1 the suppliers of electricity conspired, and those electricity  
2 ran the shoe machines, that's what I suggest that this  
3 Complaint is telling you, that's what the Complaint that we  
4 cite in Footnote 1 tells you. This is an auto repair shop that  
5 may have plastic products. I know your Court says it's common  
6 knowledge that, you know, that auto repair shops may have  
7 plastic products, that proves my point, that proves my very  
8 point. Those are the shoes. It's not electricity. And so  
9 what I'm suggesting to the Court is you can fairly read this  
10 Complaint from front to end from end to front, take it on its  
11 own terms, because although they use the mantra plastic  
12 additives when they actually define it they are proving the  
13 point, they're proving our point better than we could.

14 So I would respectfully request that the Court  
15 reconsider its tentative, that you go back and look at exactly  
16 what you did in the Credit Card case where you wrote, and I'm  
17 reading here from your opinion, your Honor.

18 THE COURT: Are you reading the same thing you read a  
19 couple of minutes ago?

20 MR. SIMMONS: No, I'm not.

21 THE COURT: Okay, go ahead.

22 MR. SIMMONS: "I also think that the plaintiffs here are  
23 neither direct purchasers nor indirect purchasers of any  
24 good or service from the defendants here, and to the  
25 extent there are exceptions to that requirement, they're  
26 inapplicable here."

27 I also think that the plaintiffs here are neither  
28 direct purchasers or indirect purchasers of any

1 good or service from the defendants?"

2 I think it's apparent from the face of the Complaint,  
3 the paragraphs I've just read you from the Complaint, 27  
4 through 30, that whatever products they bought were not  
5 products manufactured by this defendant, or we would submit the  
6 other defendants. And indeed, your Honor, I think fairly read,  
7 squarely read, those paragraphs 27 through 30 support the  
8 proposition that they're not even, the products we made were  
9 not even components in the products they made, my electricity  
10 metaphor. So I would urge you to reflect on this ruling, go  
11 back and look at Associated General Contractors. This case is  
12 the poster child of a Complaint which is, which has been filed,  
13 which has zero facts connecting any cause -- no facts stating a  
14 causal relationship between anything these defendants did, much  
15 less Crompton Corporation, in any alleged injury in fact that  
16 this plaintiff may have suffered. It's simply not accurate to  
17 say that the Court has to accept as true facts posing as legal  
18 conclusions. If I simply assert that Crompton did something  
19 wrong, and I was injured thereby and I leave it at that I don't  
20 think under controlling standards of evaluating demurrer you're  
21 obliged to accept as true my statement. Why? Because my  
22 statement is a mere legal conclusion posing as a fact. Rather  
23 I believe what I'm obliged to do as a plaintiff is plead facts  
24 that then you have to accept as true, and as I think I've  
25 indicated, the facts that they plead where they define the  
26 products in issue here prove my point, that they're not  
27 indirect purchasers of anything we made, and even if they were  
28 they have not pleaded facts demonstrating how they were injured

1       in fact, and you're not obliged to accept as true any  
2       speculative notion of harm. Your Honor cited Associated  
3       General Contractors in the Credit Card case. Associated  
4       General Contractors, Justice Stevens made quite clear that not  
5       every person tangentially affected by an anti-trust violation  
6       has standing to sue. The California courts time and time  
7       again, admittedly Associated General Contractors is not binding  
8       on your Honor, your Honor recognized that in the Credit Card  
9       case, nevertheless you followed it. Time and time again the  
10      California courts have rejected conclusory allegations such as  
11      those before you. And as I've suggested to you, the plain  
12      language of the Complaint takes you to what we are urging upon  
13      you.

14           Indeed, your Honor, other courts in similar situations  
15      have willingly granted motions to dismiss on facts out of  
16      complaints such as this, and we cite you a series of cases,  
17      Footnote 4 in our reply brief, I believe it's Footnote 7 in our  
18      opening brief, where we've had a number of cases, both in the  
19      Credit Card cases and in the Chemicals cases, most recently the  
20      Crouch v. in North Carolina, where courts have rejected this  
21      kind of reasoning.

22           What the plaintiffs are proposing to do here is launch  
23      all of us down a long burdensome road of discovery on  
24      allegations that simply don't even meet the bare minimum test.

25           So with that, your Honor, I would respectfully urge that  
26      you reconsider your tentative and grant the demurrer. Thank  
27      you.

28           THE COURT: Thank you.

1           MR. RUSHING: Your Honor, Geoffrey Rushing on behalf of  
2 the plaintiffs. Unless your Honor has questions we would  
3 submit it on the papers.

4           THE COURT: Thank you. The matter is submitted. The  
5 demurrers are overruled. The metaphors were entertaining. I  
6 didn't know a case could be a poster child sort of thing,  
7 conjured up an image. And the electricity and the shoe thing  
8 was also a good metaphor. I just don't think this Complaint  
9 says that. This Complaint says unequivocally in paragraph six  
10 that the defendants' product was purchased, period. What  
11 plaintiffs, excuse me, defense counsel wants me to do is put  
12 together what I'll grant is a logical sequence in paragraphs  
13 27, 28. Of course what's missing from the logic, which appears  
14 with the powerful metaphor you gave, is the concept of the  
15 electricity disappearing. There's nothing in 27, or 28 or 29  
16 that says that the plastic additives disappear in the sense  
17 that the electricity runs the machine and is not found in the  
18 final shoes. Although you can get static electricity from  
19 shoes, I doubt that that has to do with what you were talking  
20 about, but nonetheless, there's nothing to indicate that  
21 whatever this stuff is it disappears or never goes into the  
22 product.

23           It is equally plausible to read paragraph 27, for  
24 example, to indicate that this stuff forms a protective shield  
25 around the resins and enhances it in the way described and  
26 remains in the product throughout its life, that is an equally  
27 plausible reading of those paragraphs. And of course I don't  
28 know anything about how this stuff really works and I suspect

1 you do, but that goes beyond the four corners.

2 I'm also not supposed to read this reasonably. I'm  
3 supposed to read this in a way that is most conducive to  
4 finding a cause of action, not to find the most reasonable  
5 explanation for all of this.

6 Put all that together and tentative ruling stands.

7 Plaintiffs will prepare an order. Probably have one.

8 MR. RUSHING: We have one, your Honor.

9 THE COURT: Does it just say the demurrers are  
10 overruled?

11 MR. RUSHING: Yes.

12 THE COURT: Okay, you want to show it to them. How much  
13 time do you want to answer?

14 MR. SIMMONS: Your Honor, if we could have 20 days.

15 MR. SAVERI: That's fine.

16 THE COURT: Next time ask for 30.

17 MR. SIMMONS: I'm used to federal court. We're ready.

18 THE COURT: All right, I'll sign it when we're done  
19 here.

20 Let's go over to the case management conference.

21 Let me take up first the protective order, there's  
22 something in there that caught my eye. I want to know if you  
23 did this on purpose. The thing in paragraph 15 where if  
24 somebody lodges something under seal and then fails to file a  
25 motion to seal it within ten days, it automatically becomes  
26 unsealed. Is that what everybody agrees to? Is that what you  
27 have in mind, the ten day thing? And supposedly it  
28 automatically becomes unsealed? And let me add that nothing

1 happens automatically in the government. Envision what it's  
2 going to look like, you'll have an envelope, a manila envelope  
3 with the case caption on the front and you'll say conditionally  
4 filed or lodged under seal and the clerk will stamp it, there  
5 will be holes in it, it will go in the folder. If you think  
6 we're going to go back in ten days to see whether you filed a  
7 motion you don't understand how government works. It will sit  
8 there until somebody opens the envelope, takes it out, and then  
9 files it, or until the Court orders it taken out of the file  
10 and returned to whoever lodged it.

11 MR. LEBSOCK: I guess from our perspective, your Honor,  
12 the reason we have the ten days in there, first of all it's  
13 under the local rules of the San Francisco Superior Court it  
14 says that, and under CRC 243 it talks about that as well. From  
15 our perspective we simply wouldn't want to have to go back to  
16 the Court if it was -- if it was documents that the defendants  
17 gave to us and that they did not move, for example, to seal  
18 those records, we understand automatically it doesn't happen,  
19 but we wouldn't have to get a further order to then bring the  
20 documents down to the courthouse and get them sealed, get them  
21 filed.

22 THE COURT: It's not going to happen the way you wrote  
23 it here. All you're going to end up with is an envelope that's  
24 lodged, unless somebody comes in and does something, it's just  
25 not the way the clerk's office works. What you might want to  
26 change in here is the simplest way that I could think of was if  
27 no motion is filed within ten days then any other party or any  
28 party may file the documents without restriction. And

1 therefore whoever is on the other side of one of these  
2 lodgings, if there's a reason to have it filed you can do that.  
3 And that way you'd simply take another batch of these things  
4 and assuming there's a motion pending, I don't think you file  
5 these just to have them in the court file. You'll file this,  
6 that's one way of doing it --

7 MR. HALLING: Your Honor, Gary Halling for Rohm and  
8 Haas. I think we can work with the plaintiff's counsel and  
9 revise the paragraph and submit a new order to you. I think we  
10 understand what you're saying. If there's anything else in  
11 there that you have an issue with we'll address that as well.  
12 We'll just work with the plaintiff's counsel and get you a new  
13 order.'

14 THE COURT: Okay.

15 MR. SAVERI: That's fine, your Honor. Rick Saveri on  
16 behalf of the plaintiff. I was going to say if that's the  
17 procedure the Court would prefer because it would know the best  
18 way of the documents are happening in the file and up here, I  
19 think we're happy to go with it unless there's --

20 THE COURT: I don't care.

21 (Laughter.)

22 THE COURT: I truly don't care. But what you got to do  
23 when you write these things up is just think step by step what  
24 does it look like and what happens. You're coming to court,  
25 you're giving them an envelope and you're hoping that 10 days  
26 later or 11 days later somebody is going to open it up and file  
27 it. It won't happen. And then if it doesn't happen it's not  
28 part of the record, say, in the unlikely event somebody wants

1 writ review of something I've done relating to those documents.  
2 So I don't care. If you want something filed then my  
3 suggestion is you figure out how to get it filed.

4 My knowledge of how this clerk's office works, what I  
5 suggested would work. It would allow anybody to file this  
6 thing. You're the monitors not the Court.

7 MR. SAVERI: Fair enough, your Honor. We'll meet and  
8 confer and come up with some appropriate language.

9 THE COURT: Okay. It's like a lot of times we'll get  
10 something lodged under seal without an envelope and then the  
11 clerk will stick it in the file. It will be attached to  
12 something, they'll charge you \$32 and the clerk's office will  
13 stick it in there and then 11 days later or 21 days later,  
14 sometime, I'll sign an order that says these documents are  
15 sealed. You take the order and you file it. Now you have down  
16 this thick in the file documents without an envelope and above  
17 them an order that says those other documents are sealed.  
18 That's what it looks like. It goes up to the Court of Appeal  
19 and they go what's going on here? Well, they know because  
20 they've all had experience.

21 You are responsible for putting things in the folders  
22 and getting the orders attached to them. The clerk's office,  
23 and I'm not being pejorative about the clerk's office, the  
24 amount of business it handles is staggering and they do a great  
25 job there and we are under severe budget restraints.

26 Okay. Fix that, just send it over to me after  
27 everybody's signed off on it and think it out step by step.

28 All right, the rest of it is leave you alone for six

1 months, right?

2 Anybody want me to do anything other than that?

3 MR. HALLING: Your Honor, Gary Halling again for Rohm  
4 and Haas. We have, as you know, in the pretrial order that's  
5 been entered, Pretrial Order Number One, we're planning to  
6 produce a very very substantial amount of documents to the  
7 plaintiffs after the protective order has been entered. So  
8 that certainly will occupy them, I would think, for quite  
9 awhile.

10 We would like to make one request, which is the  
11 Complaint, as I think we've been discussing, in some ways is  
12 rather conclusory and sparse. We would like to know some basic  
13 information about the plaintiff, about who the plaintiff  
14 purchased from and what the plaintiff bought with respect to  
15 plastic additives. We think that would be helpful in deciding  
16 how best to manage this case and what the next steps ought to  
17 be. So we need to request of your Honor leave to serve such  
18 discovery under the order and we would propose that we give a  
19 copy in the next few days to plaintiff's counsel and meet and  
20 confer with them, let them look at it, but we would like at  
21 least to proceed on that discovery while we're waiting for the  
22 next CMC.

23 MR. SAVERI: Your Honor, may I respond to that?

24 THE COURT: Sure.

25 MR. SAVERI: The parties have worked out a discovery  
26 coordination order which anticipates the type of discovery that  
27 the defendants are requesting. That discovery coordination  
28 order specifically sets forth that the discovery here in the

1 State action would be put on hold unless the Court orders  
2 otherwise until a date later down the road. In the meantime  
3 plaintiffs here would participate in the discovery in the  
4 federal action and that federal action simply, basically the  
5 discovery is that we would have access to the documents up  
6 there and that we would be able to, in certain circumstances,  
7 participate in depositions, or be precluded from those  
8 depositions down the road. However, though, we've reached an  
9 agreement on how discovery will work here. We've negotiated a  
10 deal and your Honor has entered it and so we feel that this  
11 discovery, because although they may want material of us, we  
12 would like material of them then to respond to some of this,  
13 and that gets into this whole California type of discovery,  
14 which we feel we've already reached an understanding with,  
15 should be put later down the road at the end of the litigation,  
16 which we've agreed to, your Honor.

17 MR. HALLING: Your Honor, the pretrial order is dated  
18 August of last year, so that is some time ago and we certainly  
19 did agree at that time in August to an initial procedure. It  
20 is a one way street to the extent that we're producing vast  
21 quantities of documents and we think things are a little  
22 different now. We've heard the argument today. We heard what  
23 your Honor had to say about what was in the Complaint, the  
24 arguments that Crompton made. We think it would be useful to  
25 know a little bit more about the plaintiff. There's no burden  
26 issue here. We're talking about very limited discovery so we  
27 can understand who the plaintiff is and simply what products  
28 they bought and from whom they bought them and we would be

1 prepared to give that discovery to the plaintiff in the very  
2 near future.

3 MR. SAVERI: Your Honor, in response to that is where  
4 they say they've made substantial discovery available, to date  
5 they've produced no discovery to us. We've received nothing.

6 MR. HALLING: We've been waiting for the protective  
7 order, your Honor, that's what triggers it.

8 MR. SAVERI: And that still is yet to be entered.  
9 However, your Honor, but the purpose of the discovery that they  
10 have requested, all the defendants now have answered, except  
11 for Crompton, which in the next 20 days will respond to the  
12 Complaint. The whole purpose of discovery, we sat down, we've  
13 negotiated, we worked a deal with the defendants and the Court  
14 has entered an order governing discovery and plaintiff believe  
15 the parties should live by that order.

16 THE COURT: I've got the August 10, 2004 order in front  
17 of me here. And I guess, do you have that? Let's go off the  
18 record for a minute.

19 (Off the record.)

20 THE COURT: All right, back on the record. I guess what  
21 you're referring to in the, the plaintiffs are referring to  
22 where they say that everybody agreed there will be no further  
23 discovery, is paragraph Roman numeral III (c) under  
24 depositions.

25 MR. SAVERI: That's correct, your Honor.

26 MR. HALLING: And we're referring, your Honor, to same  
27 heading III (b), which says discovery-related indirect  
28 purchaser issues raised in the California action shall take

1 place at times and on such conditions as the Court may order.  
2 So that's why we're requesting what we think is a rather modest  
3 beginning to some information that would be useful in deciding  
4 how best to proceed with this case.

5 THE COURT: I guess paragraph Roman numeral IV (b) sort  
6 of plays into this a little bit too.

7 UNIDENTIFIED FEMALE SPEAKER: Right, exactly.

8 THE COURT: All right, look, the whole point of this  
9 order, as I understood it when I signed it, was that there's an  
10 agreement that you were going to piggyback on the federal  
11 discovery, not duplicate efforts, and proceed, with the  
12 understanding from either side's perspective if the federal  
13 discovery wasn't satisfying the needs for this case you could  
14 come back to me and sequence something beyond that which is  
15 proceeding in the federal action.

16 Is that the plaintiff's understanding of the general  
17 scheme here?

18 MR. SAVERI: Yes, your Honor.

19 THE COURT: And I'm sure that's the defendants'  
20 understanding as well?

21 MR. HALLING: Yes, your Honor and --

22 THE COURT: All right, and the defendants are saying  
23 that's happened. The federal case has not resulted in the  
24 production of information regarding such --

25 MR. HALLING: Competition Collision --

26 THE COURT: See the same thing with you, if you  
27 interrupt me the court reporter will only take down what I say,  
28 I can promise you that.

1           Such matters as what it is that the plaintiffs bought  
2 and what their contention is regarding the existence of the  
3 questioned product in what they were buying, electricity and  
4 shoes, or perhaps something more direct than that, and that's  
5 what you want to find out, right?

6           MR. HALLING: Correct.

7           THE COURT: All right, do the plaintiffs disagree with  
8 what the defendants have represented? That is, that such  
9 questions have not been propounded in the federal action yet?

10          MR. SAVERI: I guess my response to that would be I  
11 don't know, we haven't seen anything from the federal action,  
12 but --

13          THE COURT: Would it be a pretty good bet --

14          MR. SAVERI: (Interjecting:) It would be a pretty good  
15 assumption, your Honor, yes it would --

16          THE COURT: Don't interrupt me again. What's with  
17 everybody today? You go away for awhile and then you come  
18 back...

19          That's a direct purchaser action and my guess is they're  
20 not asking what the plaintiffs here have been buying. Pretty  
21 good guess, uh?

22          MR. SAVERI: That's correct, your Honor.

23          THE COURT: All right. So why shouldn't I allow that  
24 discovery, which is not covered by the federal action, to  
25 proceed here in an organized manner?

26          MR. SAVERI: One of the reasons may be, your Honor, is  
27 this, is that the purpose of this discovery would obviously be  
28 they would want to use it for something which would be for

1 motions and other, whether it be a summary judgment type motion  
2 or a judgment on the pleadings later down the road, no doubt  
3 about it. But for our (sic) to respond to that would then open  
4 up additional discovery here, as well as trying to complete the  
5 discovery in the federal action as to how impact, pass-on or  
6 standing or these issues or injury relates to the indirect  
7 purchasers here, your Honor.

8 So I think the best way to take that up would be wait  
9 till the federal discovery is completed so then we can see what  
10 is done there and then pick up the type of discovery that  
11 they're requesting and what additional discovery the plaintiffs  
12 would be requesting. So we can do it all in one finite  
13 cohesive seriatim method, and that would be after the discovery  
14 in the federal would be complete.

15 THE COURT: Well, my understanding of what the  
16 defendants are asking for is that they're limited to what the  
17 plaintiffs here purchased and what the plaintiff's contentions  
18 might be relative to that and you do not intend yet to get into  
19 the more complicated questions of passing-on or passing through  
20 the costs, as well as market impact. Am I right?

21 MR. HALLING: Your Honor, you're correct that what we're  
22 trying to do here is take the first step, which is simply learn  
23 who they purchased from, what they bought, and then we'll see  
24 what we get and come back. If it's appropriate to proceed  
25 further we'll -- but right now we're in the dark about this  
26 plaintiff. We don't know much of anything about them other  
27 than what's in the Complaint, and you heard the argument here  
28 today about what was in the Complaint, and we simply don't

1 know. And it seems fundamental, just basic information about  
2 the plaintiff so we can then decide, you know, what might be  
3 appropriate as the next step here.

4 THE COURT: All right, well to cut to the bottom line  
5 here and to be very blunt, these cases often trail the direct  
6 purchaser anti-trust cases and tend to resolve themselves one  
7 way or the other in a manner consistent with what happens in  
8 the other cases, I'm aware of that, and it is normally not  
9 economically productive to get into the entire, say, chain of  
10 distribution and product reformulation earlier in these cases.

11 Similarly, the economic impacts on a market, which is  
12 the passing through costs thing dressed up slightly  
13 differently, likewise difficult to do at this stage, but some  
14 of the fundamental questions, who is this plaintiff, what did  
15 this plaintiff buy, what's the product, I think ought to be  
16 fair game.

17 Now I realize the defense counsel just thought, oh, no,  
18 he just ruled that when you come back you're not going to get  
19 anything further. I didn't have that in mind at all. But I am  
20 mindful that a lot of what the plaintiffs were saying may or  
21 may not be appropriate here early on. We'll deal with that  
22 when it shows up. But I'm inclined to allow them to ask  
23 targeted questions on this plaintiff, what this plaintiff says  
24 it did and how it was impacted, without discovery on the  
25 intermediate chain of events or distributors or manufacturers  
26 or whatever it was that ends up at the plaintiff's place of  
27 business and without economic analysis of market impact. It's  
28 basically facts as to who this plaintiff is and what this

1 plaintiff bought and what this plaintiff thinks the allegations  
2 in the anti-trust case in the federal court have to do with  
3 that.

4 You want to come back and then say oh, boy, now we need  
5 more stuff, I'll listen to you and I'll listen to the  
6 plaintiffs. Is that clear enough to get you going?

7 MR. HALLING: I think it is, your Honor. We envision  
8 this, I think as you said, as just basic initial information  
9 and then we'll see if there's an issue and if so we'll come  
10 back to you.

11 MR. SAVERI: I guess we'll see what their basic initial  
12 requests are, your Honor.

13 THE COURT: It's going to be claimed to be overbroad I  
14 know that --

15 (Laughter drowning out the last of the Court's  
16 comments.)

17 MR. SAVERI: I've seen what the defendants' request of  
18 basic information tend to be. And knowing Mr. Halling they're  
19 going to be very lengthy and specific and so forth. But maybe  
20 the best thing to do would be to meet and confer ahead of time  
21 and come back and maybe if we can't work it out before we start  
22 responding to all this stuff.

23 THE COURT: Sure. First send it out, propound it, then  
24 meet and confer, see if you can work out any stuff.

25 When you meet and confer if it turns out that some of it  
26 is acceptable to the plaintiffs but other is not, produce that  
27 which is acceptable and then -- so don't withhold all  
28 production until you've worked out all details. It's the same

1 deal I impose on defendants.

2 So if they want to know what did you buy and who did you  
3 buy it from, that's pretty simple.

4 There may even be a question that deals with what  
5 counsel suggested everybody in their right mind would  
6 understand anyway that car manufacturer -- or collision places  
7 don't manufacture plastic. Maybe they do. Maybe you want to  
8 ask them that one too.

9 But in any event after you've done that -- I've got two  
10 choices, one would be to have you come back for a case  
11 management conference in about a month or so, maybe two months,  
12 that will give you enough time to get an answer on file for  
13 this one defendant, and to propound the discovery and to meet  
14 and confer and to call each other names through correspondence  
15 and to reach some understandings. Then come back on a case  
16 management conference and I'll take a look at it without  
17 motions to compel so I'll save you some time and money. If I  
18 can work it out I will. If I can't I'll let you file motions  
19 to compel or motions for protective order.

20 MR. HALLING: That sounds fine, your Honor. About two  
21 months sounds right. We have lots of matters with Mr. Saveri's  
22 office and we will do everything we can to try and work it out  
23 and if there's something left I'm hopeful it will be fairly  
24 limited.

25 THE COURT: I would say as a guideline -- Mr. Saveri  
26 what do you think of that?

27 MR. SAVERI: No, that's fine. I was going to say  
28 schedule something three months out, you know, get with the

1 clients, get everything respond (sic), meet and confer and get  
2 back.

3 THE COURT: Isn't this interesting? Everybody has  
4 switched their usual positions.

5 (Laughter.)

6 MR. SAVERI: We're getting into the summer months. I  
7 know how some certain people go certain places, but however you  
8 want to do it.

9 THE COURT: All right, I'll take care of the scheduling  
10 in a minute.

11 What comes to mind is the guideline ought to be, ask the  
12 plaintiff what the plaintiff did, or does and thinks, but no  
13 questions on the industry, or the chain of, and I said  
14 distribution or manufacturing, there's probably both going on  
15 in this case. So who are you? What do you do? What don't you  
16 do? That would be the stuff about what everybody supposedly  
17 knows about collision places, and where did you get your stuff?  
18 And maybe something like, do you contend that you paid a higher  
19 price? If so what makes you think that? But not into the  
20 industry itself, not into a tracking stages so you can do what  
21 happens in the indirect purchaser cases later. And I'm not  
22 foreclosing that, I'm just saying for starters this gives you  
23 plenty to do and I think answers your initial concern that you  
24 don't know what this plaintiff's story is.

25 And because paragraph III (b) and (c) require an order,  
26 I think I can do it by ordering it orally now as I just did and  
27 I don't need to have a written order. If anybody wants a  
28 written order then speak up now, tell me who you are, tell me

1 that you want a written order, tell me how you propose I get  
2 all of you to agree on it. Nobody said anything. Good. This  
3 will do the trick.

4 All right, let's go off the record.

5 (Off the record.)

6 THE COURT: Back on the record. We'll have a case  
7 management conference on June 29, 2005 at 2:30. Meet and  
8 confer regarding the discovery that any defendant wants to  
9 propound regarding the points I put on the record earlier.

10 To the extent the plaintiffs agree to produce material  
11 start producing it. To the extent you want to fight about any  
12 of these things put it in a case management conference  
13 statement, a joint case management conference statement, and  
14 we'll take it up without motions to compel and without motions  
15 for protective order. If I can't resolve it informally then we  
16 may have to go to the next step.

17 By the way, the Court rule is five court days before the  
18 hearing, before these case management conference statements,  
19 and the one you filed for today was filed two days ago. So I  
20 could sanction you all and do terrible things to you but I  
21 won't. But make it easier on us, okay? Appreciate it.

22 Anything further today from the plaintiff

23 MR. SAVERI: Nothing further, your Honor.

24 THE COURT: Does any defendant have anything further?  
25 That way you don't have to stand up and say your name. If you  
26 do have anything further stand up and say your name. All  
27 right, thanks. Take it easy.

28 (PROCEEDINGS CONCLUDED.)



Irene Burns, CSR 1815

STATE OF CALIFORNIA )  
CITY AND COUNTY OF SAN FRANCISCO ) ss.

**REPORTER'S CERTIFICATE**

I, Irene Burns, do hereby certify that I am an Official Court Reporter of the Superior Court of the City and County of San Francisco, State of California, and that as such I reported the proceedings had in the foregoing matter at the date and place set forth herein:

That my stenographic notes were thereafter transcribed by computerized transcription; and that the foregoing pages 1 through 31 inclusive constitute a full and correct transcript of my said notes to the best of my ability.

Dated this 2nd day of May 2005.

*George Burns*

Irene Burns

C.S.R. No. 1815